

C O P Y (gmr)

TELETYPE

FBI NEW ORLEANS 6-27-39 3-25 PM WH

DIRECTOR

LOUISIANA POLITICAL SITUATION. I RECEIVED CONFIDENTIAL INFORMATION INDICATING JAMES MONROE SMITH SECURED THE ONE HUNDRED THOUSAND DOLLARS CASE LOAN THROUGH HIBERNIA NATIONAL BANK OF NEW ORLEANS JUNE FIFTEENTH AND ALSO RECEIVED THREE HUNDRED THOUSAND DOLLARS FROM NATIONAL BANK OF COMMERCE NEW ORLEANS AND ONE HUNDRED THOUSAND DOLLARS FROM CITY NATIONAL BANK AT BATON ROUGE, THESE LAST TWO AMOUNTS BEING OBTAINED RECENTLY, DATE NOT KNOWN, BY PUTTING UP FRAUDULENT LOUISIANA STATE UNIVERSITY BONDS AS COLLATERAL. THE ONE HUNDRED THOUSAND DOLLARS SECURED FROM THE HIBERNIA NATIONAL BANK JUNE FIFTEENTH EVIDENTLY USED TO PAY BROKERAGE ACCOUNT FENNER AND BEANE. FURTHER THAN FENNER AND BEANE, BROKERAGE CONCERN, ON A NUMBER OF OCCASIONS PURSUANT TO SMITHS ORDERS, MADE CHECKS PAYABLE TO VARIOUS HIGH OFFICIALS OF STATE ADMINISTRATION REPRESENTING PROCEEDS IN SMITHS BROKERAGE ACCOUNT. THE NAMES OF THESE OFFICIALS HAVE NOT BEEN LEARNED AS YET. SMITH NOT YET LOCATED AND SHERIFF NEWMAN H DEBRETTON OF EAST BATON ROUGE PARISH TODAY OFFERED PERSONAL REWARD OF TWO HUNDRED AND FIFTY DOLLARS, NOT PAYABLE TO PEACE OFFICERS, FOR INFORMATION LEADING TO SMITHS ARREST. INFORMATION JUST RECEIVED THAT SPECIAL SESSION OF EAST BATON ROUGE PARISH GRAND JURY WILL CONVENE BATON ROUGE TOMORROW MORNING TO HEAR TESTIMONY REGARDING SMITHS IRREGULARITIES. FEDERAL GRAND JURY AT NEW ORLEANS VOLUNTARILY

RECORDED
&
INDEXED

62-32507-10
FEDERAL BUREAU OF INVESTIGATION
JUL 1 1939
U.S. DEPARTMENT OF JUSTICE

ORIGINAL FILED IN 62-32507-10

REQUESTED OF USA OPPORTUNITY TO INVESTIGATE WPA IRREGULARITIES AT BATON ROUGE. WPA INVESTIGATORS HAVE INDICATED TO USA HERE THAT INDIVIDUALS WHO MADE AFFIDAVITS CHARGING WPA IRREGULARITIES DECLINED TO MAKE WRITTEN STATEMENTS. USA TODAY HAS HAD GRAND JURY SUBPOENAS ISSUED TO VARIOUS WPA EMPLOYEES TO TESTIFY BEFORE GRAND JURY COMMENCING THIS FRIDAY. USA EXPECTS TESTIMONY TO BE GIVEN BEFORE FEDERAL GRAND JURY OVER A PERIOD OF SEVERAL WEEKS. ALLEGATIONS OF IRREGULARITY INCLUDE INFORMATION THAT CERTAIN BUILDINGS WERE FABRICATED IN THE COLISEUM OF LOUISIANA STATE UNIVERSITY BY WPA WORKERS WITH WPA FUNDS AND THEN TAKEN TO PRIVATE RESIDENCE OF EX GOVERNOR ^{Richard} LECHE AT COVINGTON LOUISIANA AND THEN SET UP AS HOUSES. INDICATIONS ALSO ARE THAT SUPERINTENDENT OF CONSTRUCTION AT LOUISIANA STATE UNIVERSITY IS UNDER INVESTIGATION IN THIS REGARD. EVIDENTLY WPA INVESTIGATORS HAVE NOT YET SUBMITTED A WRITTEN REPORT TO THE USA HERE. STAFF MEN OF NEW YORK TIMES AND NEW YORK HERALD TRIBUNE NEWSPAPERS PRESENTLY IN NEW ORLEANS COLLABORATING WITH NEW ORLEANS TEM TRIBUNE STAFF. THE NEW YORK TIMES REPRESENTATIVE TOLD MY INFORMANT HE HEARD DEFINITE RUMORS THAT YOU WERE COMING TO NEW ORLEANS PERSONALLY TO INVESTIGATE THE LOUISIANA SITUATION. FROM ANOTHER SOURCE I LEARNED THAT SOMEONE ALLEGEDLY FRIENDLY WITH EARL LONG IS TELLING A STORY TO THE EFFECT THAT HE SAW A TELEGRAM LAST NIGHT IN LONGS POSSESSION FROM YOU TO EARL ~~LONG~~ SAYING YOU WERE COMING TO LOUISIANA TO INSTITUTE AN INVESTIGATION. A STAFF REPRESENTATIVE OF THE CHICAGO TRIBUNE NEWSPAPER IS HERE COLLABORATING

10

C O P Y (gar)

WITH THE STAFF OF THE NEW ORLEANS STATES AND TIMES PICAYUNE.

CONSEQUENTLY, THE ARTICLES IN THE CHICAGO TRIBUNE WILL PROBABLY BE MORE VICIOUS AND ABUSE STATE ADMINISTRATION THAN THOSE WHICH WILL APPEAR IN THE TWO NEW YORK PAPERS MENTIONED. EARL LONG TODAY ISSUED PUBLIC STATEMENT EXPRESSING INTENTION TO KEEP THE THOROUGH INVESTIGATION INTO ALL BRANCHES OF THE STATE GOVERNMENT EVEN THOUGH SOME OF HIS FRIENDS MIGHT FEEL THE EFFECTS THEREOF. LECHE LEFT FOR HIS HOME AT COVINGTON LAST NIGHT IMMEDIATELY AFTER RESIGNING AND IS BELIEVED TO BE THERE TODAY. ACCORDING TO NEWSPAPER PICTURES AND COMMENTS HIS HEALTH APPEARS VERY MUCH IMPROVED. INFORMATION THAT CONGRESSIONAL COMMITTEE WILL TODAY START INVESTIGATION HERE OF WPA ADMINISTRATION IS ERRONEOUS. CONGRESSIONAL COMMITTEE HOWEVER IS EXPECTED TO CONDUCT INVESTIGATION HERE UPON RECEIVING ADDITIONAL FUNDS. REPRESENTATIVE CLIFTON W. WOODRUM OF VIRGINIA WAS CHAIRMAN OF THIS SUB COMMITTEE. DR. E. S. RICHARDSON WHO LAST NIGHT WAS NAMED PRESIDENT OF LOUISIANA STATE UNIVERSITY TODAY ANNOUNCED HE DECLINED TO ACCEPT APPOINTMENT, THEREUPON GOVERNOR LONG IMMEDIATELY NAMED PAUL M. HEBERT, DEAN OF LOUISIANA STATE UNIVERSITY LAW SCHOOL, AS ACTING PRESIDENT OF THE UNIVERSITY.

SACKETT

ENC

OF FBI WASHINGTON DC RLA

**Federal Bureau of Investigation
United States Department of Justice**

New Orleans, Louisiana

July 18, 1939

Director,
Federal Bureau of Investigation,
Washington, D.C.

Dear Sir:

RE: MONTE E. HART - MAIL FRAUD
LOUISIANA STATE OFFICIALS - INFORMATION
CONCERNING

I am transmitting herewith a copy of the indictment which was returned by the Federal grand jury yesterday against MONTE E. HART, JAMES MONROE SMITH, J. EMORY ADAMS, SEYMOUR WEISS and LOUIS C. LESAGE in connection with the Mail Fraud offense. There are also attached hereto copies of the following statements which were turned over to this office by Assistant United States Attorney Leon Hubert:

(1) Statement made in the office of the Intelligence Unit, Room 343, Post Office Building, New Orleans, Louisiana, at 9:30 A. M. July 17, 1939, by SEYMOUR WEISS.

(2) Statement made in the office of the Intelligence Unit, Room 323, Post Office Building, New Orleans, Louisiana, July 12, 1939, by LOUIS C. LESAGE.

(3) Statement made in the office of the Intelligence Unit, Room 323, Post Office Building, New Orleans, Louisiana, July 14, 1939, by LEON C. WEISS.

A transcript of the evidence of MONTE HART given before the grand jury on July 6, July 12 and July 14, 1939, will be summarized and transmitted to the Bureau by air mail, special delivery, tomorrow.

Insofar as this office has been able to ascertain, the evidence transmitted herewith and that previously transmitted to the Bureau is all of the evidence which has been obtained to support the indictment which was returned yesterday. It is not believed that the United States Attorney or the agency investigating this case has any evidence additional to that which has been furnished the Bureau.

RECORDED & INDEXED

Very truly yours,

N. E. SACKETT,
Special Agent in Charge

ELS:sh
Enclosures
AND

68 22509-144
FEDERAL BUREAU OF INVESTIGATION
JUL 19 1939
U. S. DEPARTMENT OF JUSTICE
TAMM
TWO

5-162-71
96-1045-39
RECORDED COPY FILED IN

by mail according to the direction thereon by the post office establishment of the United States at New Orleans, Louisiana, a certain letter enclosed in a postpaid envelope addressed to New Orleans Branch, Federal Reserve Bank of Atlanta, New Orleans, Louisiana, which said letter was and is of the tenor following, to-wit:

"Form No. 106

14-21 NEW ORLEANS BRANCH

14-21

150000

FEDERAL RESERVE BANK

OF NEW ORLEANS

NEW ORLEANS, LA.

TO THE DIRECTOR OF THE BUREAU OF REVENUE, WASHINGTON, D. C.

RE YOUR LETTER OF

REPLYING TO MY LETTER OF

SEPTEMBER 14, 1934

RE YOUR LETTER OF

SEPTEMBER 14, 1934, AND YOUR LETTER OF SEPTEMBER 14, 1934

That at the time of causing to be delivered by mail according to the direction

thereon the said letter, as aforesaid, the said defendants, MURTHA E. HART,

JAMES MONROE HART, J. MONTE LAMM, GEORGE HENRY and ROBERT S. LAMON then

and there well knew that the said letter was for the purpose of executing the

said process and writs and for the purpose of obtaining the Louisiana

State University and Agricultural and Mechanical College, the State of

Louisiana, and the University of the State of Louisiana, contrary to the laws

of the state in such case made and provided and against the peace and

signify of the United States.

(Signed) G. JOHN ROUSE
ASSISTANT ATTORNEY GENERAL
OF THE UNITED STATES

(Signed) ARVID HARRIS
SPECIAL ASSISTANT TO THE ATTORNEY
GENERAL and SPECIAL ASSISTANT TO
THE UNITED STATES ATTORNEY

(Signed) JOHN A. VANCE
UNITED STATES ATTORNEY

(Signed) HERBERT H. CHRISTENSEN
ASSISTANT U. S. ATTORNEY

(Signed) LEON D. HURST, JR.
ASSISTANT U. S. ATTORNEY

1940-1941 1942-1943 1944-1945

Pay to the order of
ANY BANK, BANKER OR TRUST CO
Prior to maturity (if any)
OCT 20-1964
New Orleans Branch

**THE NEW YORK PUBLIC LIBRARY
ASTOR LENOX TILDEN FOUNDATION
455 FIFTH AVENUE
NEW YORK 17, N.Y.**

that it is the duty of every citizen to support the Government in its efforts to maintain the peace and stability of the United States, and to oppose any and all attempts to subvert the Government or to bring about a change in the form of government by force or fraud.

DATE _____ **TIME** _____

And the said first count, and the same herein referred to, be further amended and changed that the defendants, JAMES E. HARRIS, JAMES HARRIS, JR., HARRY ALLEN, EDWARD KING and JOHN C. MILLER, were jointly and severally guilty to your first count, as it stands for the year 1936, 1937, 1938, in said District and District, and within the jurisdiction of this Court, by having unlawfully, wilfully, feloniously, fraudulently and intentionally devised a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and claims, that is to say, the same scheme and artifice that is set forth and described in the said first count of this indictment, the allegations concerning which in said first count, are incorporated by reference thereto in this count as fully as if they were here repeated, and for the purpose of executing said scheme and artifice, unlawfully, wilfully and feloniously did knowingly deposit and cause to be delivered

to said equipment, fixtures and other contents of the Pineville Hotel pretended to be conveyed to the Louisiana State University and Agricultural and Mechanical College in consideration of the cash payment of \$75,000 and that all of said defendants well knew that the said National Equipment Company, Inc., could convey no title or right to said property.

And the said Grand Jurors say, present and find that each and every one of the pretenses, representations and claims made and intended to be made by the said defendants were false and untrue and intended to be false and untrue and to be made and intended to be made by the said defendants for the purpose and with the intention of obtaining from Louisiana State University and Agricultural and Mechanical College and the State of Louisiana the sum of \$75,000 not lawfully due, and converting the same to the use and benefit of said defendants.

That JOHN E. HARR, JAMES MONROE SMITH, J. MONTE ADAMS, EDWARD WHITE and LOUIS B. LEBLANC, the defendants herein, on the 27th day of October, 1935, at New Orleans, Louisiana, in the New Orleans Division of the Eastern District of Louisiana and within the jurisdiction of this Court for the purpose of executing the scheme and artifice aforesaid, unlawfully, fraudulently and feloniously did knowingly deposit and cause to be deposited in an authorized depository for mail matter of the United States at New Orleans, Louisiana, a certain cash letter and check enclosed in a postpaid envelope addressed to City National Bank, Baton Rouge, Louisiana, to be sent and delivered by the post office establishment of the United States, the face and reverse of which said check were and are of the following tenor, to-wit:

Auxiliary Auxiliary No. 1734
LOUISIANA STATE UNIVERSITY AND A. & M. COLLEGE
Baton Rouge, La., Oct 30 1935 1935
Pay to the
Order of National Equipment Co. Inc. --- \$75,000.00
\$75,000 & 00/100 DOLLARS
Louisiana State University and A. & M. College
TO
CITY NATIONAL BANK
Baton Rouge, La. { [Signed] C. E. Johnson
Auditor

This voucher-check, when properly endorsed, becomes receipt in full for items listed. Alterations and Erasures render null and void; return if not correct."

presented the proceeds of the Louisiana State University and Agricultural and Mechanical College drawn to the order of National Equipment Company, Inc., in the sum of \$75,000 to the City Branch of the Whitney National Bank to be cashed, the defendants well knowing that said check was drawn upon the City National Bank of Baton Rouge, Louisiana, and that it would be necessary in order to effect collection that the said check be presented to the City National Bank of Baton Rouge, Louisiana.

That on the 10th day of January, 1936, the City Branch of the Whitney National Bank in New Orleans, Louisiana, cashed the said check and the proceeds of said check were deposited to the credit of the National Equipment Company, Inc., in the sum of \$75,000. That the defendants well knew that the said check was drawn upon the City National Bank of Baton Rouge, Louisiana, and that it would be necessary in order to effect collection that the said check be presented to the City National Bank of Baton Rouge, Louisiana. That the defendants well knew that the said check was drawn upon the City National Bank of Baton Rouge, Louisiana, and that it would be necessary in order to effect collection that the said check be presented to the City National Bank of Baton Rouge, Louisiana. That the defendants well knew that the said check was drawn upon the City National Bank of Baton Rouge, Louisiana, and that it would be necessary in order to effect collection that the said check be presented to the City National Bank of Baton Rouge, Louisiana.

the United States.

That the Grand Jurors say and present that the pretenses, representations and claims of the defendants herein that the aforesaid sum of \$75,000 received by them from Louisiana State University and Agricultural and Mechanical College was in payment of equipment, fixtures and other contents of the Bienville Hotel at New Orleans, Louisiana, were false and fraudulent in this, to-wit: that the defendants well knew that the said Louisiana State University and Agricultural and Mechanical College would not and did not receive in return for said payment of \$75,000 any consideration or any other thing of value whatsoever; that all of the defendants herein that and there well knew that all of the equipment, fixtures and other contents of said Bienville Hotel in fact were and were intended to be the subject of the sale of the Bienville Hotel with all of its contents and were included and were intended to be included in the sale price of \$575,000 for said hotel with all appurtenances thereto belonging or in anywise appertaining, and all equipment, engines, boilers, heating and lighting appurtenances, lifts and fixtures contained therein or affixed thereto, as is set forth in the Notarial Act before Dufour Bayle, Notary Public for the Parish of Orleans, executed December 3, 1935 as aforesaid; that all of said defendants also well knew that said National Equipment Company, Inc., had no title or right

by National Equipment Company, Inc., of furnishings and equipment of the said Bienville Hotel for the sum of \$75,000; that the defendant, JAMES MONROE SMITH approved for payment the said invoice for \$75,000 and caused the check of the Louisiana State University and Agricultural and Mechanical College to the order of the National Equipment Company, Inc., in the sum of \$75,000 to issue; that the defendant, MONTY E. HART, obtained possession of said check for \$75,000; that the said MONTY E. HART then procured the endorsement of one

E. B. Jones, Vice-President of the National Equipment Company, Inc., on the said check, which check was then cashed by the said MONTY E. HART at the City Branch of the Whitney National Bank in New Orleans, Louisiana, and the sum of \$75,000 was credited to the account of the said MONTY E. HART in the said City Branch of the Whitney National Bank; that the said MONTY E. HART then procured the check of the said City Branch of the Whitney National Bank in the sum of \$75,000 in currency and the said MONTY E. HART then procured the defendant, J. MONROE SMITH, to cash the said check at the said City Branch of the Whitney National Bank in the sum of \$15,000 in currency, of which amount the said MONTY E. HART then gave the defendant, JAMES MONROE SMITH, \$10,000 in

currency, retaining the remainder as his own property for his own use and benefit; that the said defendant, MONTY E. HART, on the 27th day of October, 1936, deposited the remaining \$65,000 in cash in the account of the National Equipment Company, Inc., in the City Branch of the Whitney National Bank, New Orleans; that on the 7th day of November, 1936, the defendant, MONTY E. HART, drew a check on the said account of the National Equipment Company, Inc., in the City Branch of the Whitney National Bank payable to the order of the defendant, LOUIS C. LEECH, in the sum of \$65,000; that the said LOUIS C. LEECH cashed the said check on the 12th day of November, 1936, at the City Branch of the Whitney National Bank; that the defendant, LOUIS C. LEECH, then paid to the defendant, MONTY E. HART, the sum of \$15,000 in currency and retained the balance of the said sum of \$65,000 as his own property and for his own use and benefit; that the defendant, MONTY E. HART, received from the National Equipment Company, Inc., the sum of \$19,066.91 as his own property and for his own use and benefit.

And your Grand Jurors further proceed and charge: That in pursuance of said scheme and for the purpose of carrying out said scheme, the defendant, MONTY E. HART, on his own behalf and on behalf of the other defendants herein,

James, who sold the said Hotel through, acting through its agents, the defendants, GEORGE WILSON and MONTE E. HART, began negotiations with Richard B. Leche, Governor of Louisiana, and with the defendant James Monroe Smith, for the sale of the said Bienville Hotel, with all its equipment and contents to the Louisiana State University and Agricultural and Mechanical College for the sum of \$775,000, that on or about September 22, 1944, as a result of said negotiations the Board of Supervisors of the Louisiana

State University and Agricultural and Mechanical College, Baton Rouge, Louisiana, authorized the purchase of the said Hotel, with all its equipment, fixtures and other contents, for the sum of \$775,000, that said purchase was made by the said Louisiana State University and Agricultural and Mechanical College, Baton Rouge, Louisiana, from the National Equipment Company, Inc., a corporation of which the defendant, MONTE E. HART, was principal shareholder and president, under the false and fraudulent pretense and representation that the said National Equipment Company, Inc., would sell and deliver to the Louisiana State University and Agricultural and Mechanical College the equipment, fixtures and other contents of the Bienville Hotel; and all of the defendants herein agreed among themselves that they would

lend their actual aid and assistance in effecting the said pretended sale and in making a surreptitious distribution of the said sum of \$775,000, proceeds thereof; that the defendant, MONTE E. HART, and the defendant, GEORGE WILSON, prepared and caused to be prepared an invoice on a billhead of the National Equipment Company, Inc., addressed to Louisiana State University and Agricultural and Mechanical College, Baton Rouge, Louisiana, which invoice purported to cover the sale to Louisiana State University and Agricultural and Mechanical College

The Grand Jurors of the United States fully examined, sworn and charged at the term aforesaid of the court aforesaid, on their oaths

That the defendants, MORRIS E. HART and SKYDIVER WELLS were officers of a certain corporation known as the Lee Circle Hotel Company, Inc., which corporation owned a certain building known as the Bienville Hotel and the land upon which it is situated in the City of New Orleans, together with all the equipment, fixtures and other contents located in the said building; that on or about September 30, 1936, the exact date being unknown to your Grand

UNITED STATES OF AMERICA,
EASTERN DISTRICT OF LOUISIANA,
NEW ORLEANS DIVISION.

In the District Court of the United States, in and for the
Eastern District of Louisiana, New Orleans Division, at the MAY term
thereof, A. D. 1936.

The Grand Jurors of the United States duly assembled, sworn
and charged at the term aforesaid of the Court aforesaid, on their solemn
oath to inquire into the facts and circumstances of the case aforesaid.

That the said JURY, being duly sworn, do hereby certify that the
defendants, MONTE E. HART and SKYMOOR WHISS, were officers of the
Lee Circle Hotel Company, Inc., a corporation organized under the laws of
the State of Louisiana, and that the said defendants, MONTE E. HART and
SKYMOOR WHISS, did, on or about the 1st day of September, 1935, and
continuously thereafter until on or about the 1st day of February, 1936, the exact date being
unknown to your Grand Jurors, unlawfully, wilfully, knowingly and fraud-
ulently devised and intended to devise a scheme and artifice to defraud and
for obtaining money and property by means of false and fraudulent pretenses,
representations and claims from the Louisiana State University and Agricultural
and Mechanical College, the State of Louisiana and the taxpayers of the State
of Louisiana and divers other persons to your Grand Jurors unknown, which
said scheme and artifice to defraud was to be effected by the use and misuse
of the post office establishment of the United States, and in furtherance of
and for the purpose of executing said scheme and artifice did deposit and
cause to be deposited in an authorized depository for mail matter to be
sent and delivered by the post office establishment of the United States,
and did cause to be delivered by mail according to the direction thereon divers
and sundry letters and checks, which said scheme and artifice to defraud was
in substance as follows:

That the defendants, MONTE E. HART and SKYMOOR WHISS were officers
of a certain corporation known as the Lee Circle Hotel Company, Inc., which
corporation owned a certain building known as the Bienville Hotel and the
land upon which it is situated in the City of New Orleans, together with all
the equipment, fixtures and other contents located in the said building; that
on or about September 20, 1935, the exact date being unknown to your Grand

Jensen, the said Lee Clyde Hotel Company, Inc., acting through its agents, the defendants, GEORGE WILSON and JOHN E. HART, began negotiations with Richard B. Latta, Governor of Louisiana, and with the defendant James Monroe Smith, for the sale of the said Bienville Hotel, with all its equipment and contents to the Louisiana State University and Agricultural and Mechanical College for the sum of \$775,000; that on or about September 23, 1932, as a result of said negotiations the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College adopted a resolution authorizing the purchase of the said Bienville Hotel and its contents for the sum of \$775,000, which said resolution was passed on September 23, 1932, and the said Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College on October 10, 1932, passed a resolution authorizing the purchase of the said Bienville Hotel and its contents for the sum of \$775,000, and on November 1, 1932, the said Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College passed a resolution authorizing the purchase of the said Bienville Hotel and its contents for the sum of \$775,000; that while said negotiations for the sale of the said Bienville Hotel,

together with its equipment, fixtures and other contents to the Louisiana State University and Agricultural and Mechanical College were in progress as aforesaid, the defendants, MONTE E. HART, GEORGE WILSON and J. MONTE ADAMS, conspired with the defendant, JAMES MONROE SMITH, for the payment of the sum of \$75,000 by the Louisiana State University and Agricultural and Mechanical College to the National Equipment Company, Inc., a corporation of which the defendant, MONTE E. HART, was principal shareholder and president, under the false and fraudulent pretense and representation that the said National Equipment Company, Inc., would sell and deliver to the Louisiana State University and Agricultural and Mechanical College the equipment, fixtures and other contents of the Bienville Hotel; and all of the defendants herein agreed among themselves that they would lend their actual aid and assistance in effecting the said pretended sale and in making a surreptitious distribution of the said sum of \$75,000, proceeds thereof; that the defendant, MONTE E. HART, and the defendant, GEORGE WILSON, prepared and caused to be prepared an invoice on a billhead of the National Equipment Company, Inc., addressed to Louisiana State University and Agricultural and Mechanical College, Baton Rouge, Louisiana, which invoice purported to cover the sale to Louisiana State University and Agricultural and Mechanical College

And your Grand Jurors further present and charge: That in pursuance of said scheme and for the purpose of carrying out said scheme, the defendant, **MONTY E. HART**, on his own behalf and on behalf of the other defendants herein,

23

to said University, and that contents of the Bienville Hotel pretended to be shipped to the Louisiana State University and Agricultural and Mechanical College in consideration of the cash payment of \$75,000 and that all of said defendants well knew that the said National Equipment Company, Inc., could convey no title or right to said property.

And the said Grand Jurors say, present and find that each and every one of the pretenses, representations and claims made and intended to be made by the said defendants were false and untrue and intended to be false and untrue and to all such defendants well known to be false and untrue at the time and place the same were made and intended to be made by the defendants and the purpose of the same was to defraud the Louisiana State University and Agricultural and Mechanical College and the State of Louisiana the sum of \$75,000 for National Equipment Company, Inc., and converting the same to the use and benefit of said defendants.

That JOHN E. BROWN, JAMES MONROE BROWN, J. MONROE BROWN, GEORGE WHITE and LOUIS J. BROWN, the defendants herein, on the 20th day of October, 1936, at New Orleans, Louisiana, in the New Orleans Division of the Eastern District of Louisiana and within the jurisdiction of this Court for the purpose of executing the scheme and artifice aforesaid, unlawfully, fraudulently and feloniously did knowingly deposit and cause to be deposited in an authorized depository for mail matter of the United States at New Orleans, Louisiana, a certain post letter and check enclosed in a postpaid envelope addressed to City National Bank, Baton Rouge, Louisiana, to be sent and delivered by the post office establishment of the United States, the face and reverse of which said check were and are of the following tenor, to-wit:

Mailings	Mailings	No. 1724
LOUISIANA STATE UNIVERSITY AND A. & M. COLLEGE		
Baton Rouge, La., Oct 20 1936 1936		
Pay to the	National Equipment Co. Inc. --- \$75,000.00	
Order of		
SEVEN AND 00/100		DOLLARS
Louisiana State University and A. & M. College		
CITY NATIONAL BANK Baton Rouge, La.	(Signed) S. S. Johnson	Auditor

This voucher-check, when properly endorsed, becomes receipt in full for items listed. Alterations and Erasures render null and void; return if not correct."

RECEIVED
NATIONAL EQUIPMENT COMPANY, INC.

(Signed) F. E. Smith
Vice-President

(Signed) E. E. Hart

Pay to the order of
ANY BANK, BANKER OR CASHIER OR
Prior Endorsements Guaranteed
GWT 22-1200

New Orleans Branch
Federal Reserve Bank of New Orleans
15-25 New Orleans, La. 17-22

Pay any Bank, Banker
or Trust Co., or Cashier
Prior Endorsements Guaranteed
NATIONAL EQUIPMENT COMPANY
NEW ORLEANS 15-25

That at the time of deposit and delivery to be placed in the said bank letter and
check in the authorized depository for mail matter of the United States aforesaid,
the defendants, MORRIS E. SMITH, JAMES HENSON SMITH, F. HENRY SMITH, ARTHUR SMITH
and LOUIS C. LEMMON, then and there knew that the said letter and the said check
were for the purpose of procuring the said money and articles and were for the
purpose of defrauding Louisiana State University and Agricultural and Mechanical
College, the State of Louisiana and the University of the State of Louisiana,
contrary to the form of the statute in such case made and provided and against
the peace and dignity of the United States.

COME TWO.

And the Grand Jurors aforesaid, upon their oaths aforesaid, do
further present and charge that the defendants, MORRIS E. SMITH, JAMES HENSON
SMITH, F. HENRY SMITH, ARTHUR SMITH and LOUIS C. LEMMON, whose names are
otherwise unknown to your Grand Jurors, on or about the 20th day of October,
1901, in said Division and District, and within the jurisdiction of this Court,
do having unlawfully, wilfully, knowingly, feloniously and fraudulently devised a
scheme and artifice to defraud and to obtain money and property by means of false and
fraudulent pretenses, representations and claims, that is to say, the same scheme and
artifice that is set forth and described in the said first count of this indictment,
the allegations concerning which in said first count, are incorporated by
reference thereto in this count as fully as if they were here repeated,
and for the purpose of executing said scheme and artifice, unlawfully,
wilfully and feloniously did knowingly deposit and cause to be delivered

by mail according to the direction given by the post office establishment of the United States at New Orleans, Louisiana, a certain letter enclosed in a postpaid envelope addressed to New Orleans Branch, Federal Reserve Bank of Atlanta, New Orleans, Louisiana, which said letter was and is of the tenor following, to-wit:

From Mr. L.H.
14-21 NEW ORLEANS BRANCH
FEDERAL RESERVE BANK
OF ATLANTA
NEW ORLEANS, LA.
14-22 NEW
NEW
U.S. R. B. A.
NEW ORLEANS, LA.

WE HAVE RECEIVED YOUR CASE LETTER OF THE 14TH INSTANT, RELATIVE TO THE
IN PAYMENT THEREOF WE
ORDER THAT YOU OBTAIN OUR ADVANCE

EXPLAIN CONNECTIONS AND EXCEPTIONS HERE

CITY NATIONAL BANK
NEW ORLEANS, LA.

(Signed) E. S. SAMPSON
(Att. Sec. 1934) Cashier

DETACH AND RETURN THE ABOVE FORM AS YOUR LETTER OF ADVISE

That at the time of causing to be delivered by mail according to the direction thereon the said letter, as aforesaid, the said defendants, MONTY E. HART, JAMES MONROE SMITH, F. MONTE ADAMS, STEPHEN SMITH and LOUIS C. LEMACH then and there well knew that the said letter was for the purpose of executing the said scheme and artifice and was for the purpose of defrauding the Louisiana State University and Agricultural and Mechanical College, the State of Louisiana, and the Taxpayers of the State of Louisiana; contrary to the form of the statute in such case made and provided and against the peace and dignity of the United States.

(Signed) O. JOHN ROSEN
ASSISTANT ATTORNEY GENERAL
OF THE UNITED STATES

(Signed) ARNOLD RAYN
SPECIAL ASSISTANT TO THE ATTORNEY
GENERAL and SPECIAL ASSISTANT TO
THE UNITED STATES ATTORNEY

(Signed) JOHN A. VROSCA
UNITED STATES ATTORNEY

(Signed) HERBERT E. CHRISTENSEN
ASSISTANT U. S. ATTORNEY

(Signed) LEON D. MURPHY, JR.
ASSISTANT U. S. ATTORNEY

STATEMENT made in the office of the Intelligence Unit,
Room 343 Post Office Building, New Orleans, Louisiana,
at 9:30 A. M. Monday, July 17, 1938.

Persons representing the Government:

Acting Special Agent in Charge Frank W. Lohm

Special Agent George A. Lambert

Stenographer Marion E. Pitts

Person Interviewed: SEYMOUR WEISS

(Unless otherwise indicated the questions herein were propounded by Acting Special Agent in Charge Frank W. Lohm)

Mr. Weiss, we are conducting an investigation of the income tax liability of Dr. James Monroe Smith, the National Equipment Company, Mr. M. E. Hart and Mr. Louis C. LeSage and perhaps others for the year 1936. We have information which indicates you might have some information bearing on those matters and we are asking this morning that you give us such information as you have to get into the record that we are making. You have no objection to furnishing us with such information, have you?

No sir.

We will ask that you be sworn, please. Do you solemnly swear that the answers you will give to the questions about to be asked will be the truth, the whole truth, and nothing but the truth, so help you God?

I do.

Q 1.

Your name is?

A 1.

Mr. Seymour Weiss.

Q 2.

And you are connected with the New Orleans Roosevelt Corporation?

A 2.

Yes sir.

Q 3.

You are president of that corporation?

A 3.

Yes sir.

Q 4.

That corporation owns the Lee Circle Hotel Company?

A 4.

Yes sir.

Q 5.

In 1936 our information is that the Lee Circle Hotel Company sold to the Louisiana State University, an agricultural and mechanical college, the building known as the Bienville Hotel. Did you handle that transaction on behalf of the Lee Circle Hotel Company?

A 5.

I authorized it and assisted in the sale, but actually did not make the sale, but it was handled by the vice-president, Mr. Hart.

Q 6.

Did you negotiate with any person concerning the sale of the Bienville Hotel?

A 6.

Well, I did all I could to sell it. I did not, actually, handle the sale of it. I will be glad to give you what I did in this connection.

Q 7.

Yes, do please.

A 7.

I would like to put in facts leading up to it. The Bienville and Roosevelt were one corporation at one time, and when I took over the two hotels the Bienville was in bad shape and owed a lot of money and later, in 1935 or 1936, I started negotiations with the Federal Government, I believe with the Federal Land Bank, or one of those Federal Divisions for the sale of the Bienville. The agent in the case was Mr. Camarata, who is a local real estate agent. The Government sent down a great number of men to see if it would meet requirements. They made many estimates and examinations. I thought it was a long deal but that it would go through. Sen. Harris and Governor Long had disputes over it, and the deal fell through, after it had just gotten to the point where we thought it was going through. After Huey's death the Charity Hospital project was approved and Mr. Hart came and said to me he had made up an estimate, which he considered thorough, and consisted of some 100 pages, and he found the building would make an excellent temporary home for the nurses while the Charity Hospital was being built; He thought the State should buy this structure; that the contemplated home for the nurses was a wooden structure and was not fireproof, etc. and in due time these negotiations were started.

Q 8.

May I interrupt? Did Mr. Hart have any contact with Dr. Smith in your presence?

A 8.

No sir, does the above answer your question? Furthermore, after the hospital was completed, rather than demolish this \$300000.00 structure they would still have the structure, which they could move into - that is they could move some departments of the state that were paying rent, and the upper floors could be used as a dormitory for the medical students. So on that basis the negotiations were started; It sounded like a sound, economical proposition.

Q 9.

May I ask now, all of this benefit, or proposed benefits to the state - was that your selling idea to the University, or was that the idea of the University - whose idea was it?

A 9.

Mr. Hart started the whole thing. I think he thought he would build the Charity Hospital. He put in a bid for the building

of that structure. My negotiations with the Federal Government had gone so far I had asked for permission to operate a cafeteria for the employees they might have in the building.

Q 10.

After that Mr. Hart started negotiations for the sale of the hotel through the Louisiana State University?

A 10.

Yes sir.

Q 11.

Do you know whether or not there was any formal written contract of sale of the hotel?

A 11.

Mr. Lahn, I must admit my ignorance. I knew nothing about it if there was. I merely authorized and approved that it be sold, and later did everything I could to sell it.

Q 12.

Can you state now whether you contacted any person other than the Governor in connection with the sale of the Bienville Hotel?

A 12.

I had of course previously spoken to Huey Long and Senator Allen. ^{Gov} Never anyone but the Governor.

Q 13.

Do you recall what the sale price of the hotel was to be to Louisiana State University?

A 13.

The price was \$375,000.00, which was probably, I think, \$50,000 less than I had offered it to the Federal Government.

Q 14.

Did that price include also the equipment of the hotel?

A 14.

No sir, I never intended at any time to have it include anything but the building.

Q 15.

Do you know whether or not the act of sale shows that the equipment was sold along with the hotel?

A 15.

No sir, again I must admit my ignorance.

Q 16.

You did not execute it on behalf of the Lee Circle Hotel Company?

A 16.

No sir, not that I recall. As a matter of fact, when these negotiations were started and it looked like they were going to buy, the question arose as to how quickly the equipment could be gotten out of the building and the equipment from the nurses home moved in. The equipment in the hotel was not appropriate for a nurses home, double beds had to be taken out and single beds put in. It was contemplated to move all of the equipment out of the hotel and then move the furniture from the nurses home into the hotel building.

Q 17.

From whom did you get this information?

A 17.

Mr. Hart told me this. All of the equipment from the nurses home was to be moved intact. There was much confusion at that time. For instance, I had a number of guest - permanent guests

21

and in order to keep peace and still get them out in a month's time, I had to let some of them stay in the hotel a month free. The hotel had to be empty by the time the nurses home was to be torn down.

Q 18.

Did Mr. Hart know that it was your intention that the sale of the equipment was to go along with that of the building? He should have known it.

A 18.

Q 19.

You discussed it with him?

A 19.

Yes, I never intended it should be so, at that price to the University.

Q 20.

Can you state what Mr. Hart did in connection with the sale of the hotel.

A 20.

As I said, he spent a great deal of his time with Dr. Smith and the hospital authorities. He handled the entire negotiation. I was busy getting people satisfied, moving them to the Roosevelt and Pontchartrain Apartments.

Q 21.

Do you know what commissions were paid in connection with the sale?

A 21.

I learned later.

Q 22.

Did you know at that time?

A 22.

No sir.

Q 23.

You knew that no commissions were paid?

A 23.

I knew that I had gotten a commission for the sale of the hotel.

Q 24.

Was that commission \$27,500.00?

A 24.

No sir, it was \$27,500.00, about \$27.

Q 25.

And was that the only commission that you knew about at that time?

A 25.

I will say this, Mr. Lohn, whether you call it a commission or whatever name you want to call it, after the sale was completed, and during its negotiations - you see the nurses actually occupied the hotel 30 days before we were paid. Mr. Hart was working on it. I was interested in a given amount of money. My reason was because of obligations which I had. I owed so much money on first and second mortgages on the Bienville and Roosevelt - one to the other. I was interested in getting enough money to wipe out the obligation. Hart was helping to get the deal through, and he said that he would for me to turn over to him the furniture and fixtures, linen, silverware, china, etc., which I readily agreed to do.

- Q 26. Was this turning over the fixtures and furnishings, etc. to Mr. Hart in the nature of a gift?
- A 26. It was for his services, for his collection, etc.
- Q 27. Was it given to him personally as a compensation for services rendered, yes sir.
- A 27.
- Q 28. Are you in any way connected with the National Equipment Company?
- A 28. No sir. As a matter of fact I had never heard of it.
- Q 29. Then you would not know how the National Equipment Company came into possession of the fixtures and furnishings of the Bienville Hotel?
- A 29. No sir. I do know, however, that Mr. Hart and others whom I cannot name, because I do not know their names, spent several days making a complete inventory of all of the furniture, china, silverware, draperies, linens, etc. that were in the hotel.
- Q 30. Did you obtain that information from Mr. Hart?
- A 30. I did not see them make it, but he told me they were making it. Some of the hospital officials were with them.
- Q 31. You used the word "they." Who else do you have reference to?
- A 31. He is the only one.
- Q 32. The act of sale for the Bienville Hotel indicates that the 1934 taxes were to be prorated between the Louisiana State University and the Lee Circle Hotel Company. Do you know whether the taxes were prorated or that Louisiana State University paid all the taxes or if the Lee Circle Hotel Company paid all the taxes?
- A 32. I do not know. I have to admit my ignorance. I do not know sir.
- Q 33. Do you recall ever having made contact with or had conversation with Mr. Hart concerning that matter?
- A 33. I do not recall such a conversation.
- Q 34. If the act of sale provides that the furniture and equipment of the hotel is included in the purchase price of \$575,000.00, can you account for its having been sold by Mr. Hart and/or the National Equipment Company to Louisiana State University?
- A 34. If the act of sale calls for the hotel, furniture and equipment I do not see how it could be sold twice. If the act of sale had included the fixtures and furnishings I certainly would not have accepted their money and then turn around and given them something which I had already sold. I say again, I did not see

- 8 -

The est of sale.

Q 33. Can you give any explanation of why the equipment and furniture and fixtures of the hotel should have been included in the est of sale if it had not been the intention of the Lee Circle Hotel Company to sell this equipment along with the hotel?

A 33. I can give you no reason why it should have been done. It was never my intention to sell the hotel on that basis - it never was. The furniture and equipment were never included. At no time did I contemplate such a thing.

Q 34. When you speak of equipment?

A 34. I speak of its physical fixtures, linens, draperies, silverware, china, spoons and all of that. We refer to that as fixtures and furniture and equipment.

Q 37. Concerning the tax liability of Mr. Louis G. LeSage, you are of course, acquainted with him.

A 37. He lived at the hotel with me for many years, that is, he would come to town for three or four days, and would always be my guest.

Q 38. Please state whether or not you had any financial transactions with Mr. LeSage in the year 1936.

A 38. Mr. Lohs, I will have to explain to you, sir, that Mr. LeSage is one of my most intimate friends. As far back as '29, LeSage, who in my opinion is a fairly well-to-do fellow, has spent a great deal of time with me. I have loaned him money innumerable times - way back we started our friendship. You ask me if I had any financial transactions with him. So frequently, he may have said, give me \$200.00, or I may have said, let me have \$500.00 and if either of us had it it was given to the other. You are going to ask me about this other thing - I know.

Q 39. Please state whether or not there was a transaction between you and Mr. LeSage in the amount of \$16,000.00 odd dollars?

A 39. Yes sir.

Q 40. Do you recall just exactly the date of that transaction?

A 40. No, but it was late in 1937 as I recall it.

Q 41. Would you have any way to establish the date of that transaction?

A 41. No sir, I would not.

Q 42. Please state just exactly what the transaction was, how it arose, etc.

A 42. Mr. LeSage, as I said, was a frequent visitor of mine, and has for many years come up to my office at midnight and sat with me

35

while I would dictate mail by dictaphone, sign checks, and attend to business generally. He would talk to me, and on this one time, I was lamenting the fact that I was broke and needed some money. He said he would lend me some. I told him I needed real money - that I needed \$15,000.00 or \$17,000.00. He said he would be glad to let me have it, which he did.

Q 43.

Do you recall in what form he gave you the \$15,000.00?

A 43.

It was in cash. In large denominations, I think it was in cash.

Q 44.

Do you have any knowledge as to how Mr. LaSage might have acquired this money?

A 44.

He had told me previously about having this money, and when I said I needed some, he offered it to me, which is not unusual. I would have done the same for him. He has done this for many years.

Q 45.

Did you execute a note as evidence of the loan?

A 45.

Mr. Lohr, I did not actually execute a note, what it was actually was an acknowledgment of an individual loan. In case I should die he would have some security for what I had borrowed from him. It was not a maturity note, not to be paid in 30 or 60 or 90 days. Louis knew and I feel sure that I will ultimately be a man of much money; I have a lot of leases and other investments, and I am bound to get some of it back sooner or later. He knew I would not borrow from him unless I could pay it back. As a matter of fact he insisted that I give him no note, but I insisted that I should. It wasn't a question of indebtedness, just that he should have some security of the fact that I had borrowed the money from him.

Q 46.

Did it provide for the payment of any interest?

A 46.

I do not think so, sir. I know I had never charged him any interest and I don't think that he would have collected any from me.

Q 47.

Have you seen the note recently?

A 47.

No, I was in New York City, and LaSage called me, asking me where it was. I recalled giving it to him. I remember at the time he did not want me to, but I gave it to him.

Q 48.

(Lombert, until otherwise indicated) Mr. Heinsy: Can you relate to us how the Lee Circle Hotel Company was formed, that is from a financial standpoint?

A 48.

Yes, I think so. I think it was in 1931 that I went to the Metropolitan Life Insurance Company and they asked if I as an individual wanted to assume the mortgage which they presently held on the Roosevelt and on the Bienville. I asked them to permit me to do so. Both of these mortgages were at that time signed by the

Vacaro Bros., who were very anxious to get out of the hotel business. The mortgage was signed by them. I asked them to let me assume the mortgage. Then I put up the two institutions as separate - separate sets of books - one the Roosevelt and the other the Lee Circle Hotel Company, because of the indebtedness of each one. One of the reasons for the separation of the two companies, on the Bienville I owed Dr. Paul Sanders and Mr. Samuel Zamurray a mortgage of \$200,000.00 and then there was an obligation to the Metropolitan fur, I think \$100,000.00 plus a great number of years of interest which had accrued. Does that answer your question?

Q 49.

In forming the Lee Circle Hotel Company all that was done was to transfer the assets and liabilities from the new to the old corporation?

A 49.

Yes, I think so - I am not a bookkeeper, I think that is correct.

Q 50.

In connection with the furniture and fixtures and equipment - they were given to Mr. Hart for services rendered. Were they given to Mr. Hart personally, or to the National Equipment Company?

A 50.

To Mr. Hart, I did not know about the National Equipment Company.

Q 51.

Was this given to him after the sale was made to Louisiana State University?

A 51.

No, this was all part of the negotiations. He said, if the hotel is sold, I want the equipment.

Q 52.

Did Mr. Hart say to you why he wanted the equipment?

A 52.

No, except that I had already told him that I needed so much money and that I could not pay any other commissions on the sale, and I assumed that he was to go out and sell it, by auction or otherwise.

Q 53.

About the commission of \$27,500.00 that was paid to you. Was that all you got? You kept it all?

A 53.

I got it all, reported it and invested it almost immediately.

Q 54.

You mentioned previously that you had no intention of selling the furniture, fixtures and equipment. What use would you put this equipment to in the event you sold the hotel without the equipment?

A 54. I could have used it. I knew it had value, and naturally, I was interested in having it completely furnished as a hotel.

Q 55. Did you have in mind what would eventually be done with this equipment had it not been given to Mr. Hart?

A 55. I would have used some of it. Some hotel might have wanted to buy it. Silverware and chinaware are valuable. All of the things could have been used by me, or a hotel in Ville Platte, as far as that is concerned. They are the sort of things that can be used. They do not necessarily have to be put to immediate use, as they are valuable and their value does not decrease.

Q 56. What was the approximate value of this equipment that was given to Mr. Hart?

A 56. It would be very difficult to tell you that, or what the value would be. About all I can say is that it would be worth what you could get for it. To figure to furnish a room in a hotel costs \$1,000.00 a room. The rugs, draperies, fans, furniture, pictures, etc are all included - \$1,000.00 furnished. Some hotels furnish a room for less, but they use cheaper things. As a matter of fact, I wish I were in New York City, because I have a big deal on now and I estimate that it would cost more than a \$1,000.00 or more, and that would show the value of the furniture and fixtures. In estimating the cost of a room in a hotel we include chairs, silverware and all of that. We figure things of that nature on a room basis.

Q 57. The equipment which you had in use at the Bienville Hotel was naturally in use. Could you give us an estimate on an open used market?

A 57. That is one of those intangible things. It depends on who would want it - if sold piece-meal, not so much - if sold at auction, not so much, but if someone really wants it, a good price could be got for it. It depends on who the purchaser would be. It might be kept for months. Right now I am trying to get another hotel in New Orleans. Had I had available that furniture and fixtures, it would save me almost \$1,000.00 a room. But I have not that furniture and fixtures now. It is impossible to establish the value that way.

Q 58. In connection with the note that you gave Mr. LeSage, is it more or less in the form of an I.O.U. rather than in the form of a note?

A 58. I call it an acknowledgment for want of a better word. It showed I borrowed and owed the money. I would have been up against it had he asked me for the money within a certain date. He asked for no date or maturity note.

35

Q 59.

A 59. Q

Was the note dictated or typed out?

I will have to guess. I have not forms in my desk. I may have loaned over and gotten one of these forms. When one came and said I was going to give him a note, and whether or not I wrote it in longhand, I cannot remember. I tried to discuss the matter and remember it with Louis since I am home. It was never my intention to give a maturity note on it - I just used him the money. If anything happened, he had my acknowledgment of the money having been borrowed, and if he could not take care of it, my brother could. I want to say, however, at the time he insisted strenuously I not give him the note. He said I have never taken one from you and I don't want one from you. He said no, this is a loan of money, but I insisted that he at least take an acknowledgment of the loan.. Actually, it was an acknowledgment. LeSage is completely familiar with everything I have. He knows my potentialities, and he knows all about them. I have a number of things that could make me a very rich man. He told me yesterday I could get \$300,000.00 for a lease. It may be a big factor. LeSage knows that. He knows that I would not borrow unless I could or would pay.

Q 60.

A 60.

He does not own any equitable interest in your holdings?

No sir. Not at all. I don't know, Mr. Lohn, that you have ever had a friend like this. I doubt that you have. To begin with he came from within 30 miles of my home. We were children together. He has gone through desperate times together, by his side. A person just could not have a more intimate friend. He is my closest friend.

Q 61.

A 61.

Have you made any payment on this obligation to Mr. LeSage?

No sir.

Q 62.

A 62.

You mentioned previously that you were in desperate need of funds when you borrowed this money. Could you tell us at this time what use you put this money to?

I don't recall at this time. It may have been to meet a note, to pay up some bills. In all probability to take care of some obligation.

Q 63.

A 63.

We talked to Mr. LeSage about the \$1,000.00 note as we thought it was unusual to give a man that size note or money, rather, and not take a note.

Mr. Lohn, I have three brothers, and LeSage is like my fourth brother. I love them all, and would do anything within my power for any of them. There is nothing I would not do for Louis, and there is nothing he would not do for me. He could not ask me

for anything that I would not give him. It is a friendship of a lifetime. I have gone through many hardships with him, and have been able to give him my heart and confidence.

Q 64.

You can appreciate why the Bureau of Internal Revenue might question such transactions?

A 64.

I can understand it, certainly sir. If your hindsight is as good as your foresight - if I had known Le Sage would have to worried with this questioning, I would have insisted on a note. He has been worrying since 1932. He has always been very kind, and kind at the time when I had my back up against the wall - during Huey P. Long's lifetime and things were so stormy.

Q 65.

(John) In connection with the sale of the Bienville Hotel - for the sum of \$575,000.00, were any commissions paid to any one else?

A 65.

No sir. When we had gotten all our money - it was received in three payments - I had looked over the whole picture. There was less than \$9,000.00 to \$10,000.00 we could carry as a profit on the transaction.

Q 66.

That was after your commission had been paid?

A 66.

That was after my commission had been paid. There was one commission other than mine of 5% - it is what I would have paid to Mr. Hart or any other real estate man.

Q 67.

(Lambert) Why was it necessary to pay a commission of 5% when the furniture and fixtures were given to Mr. Hart in selling the hotel.

A 67.

I felt I had done my share. Certainly the University without the Governor's approval could have done it - without the Governor going to Washington to get the approval of friends for the hospital. I was entitled to something. For your information, I draw a very small salary. I do that deliberately, because I am interested in increasing my equity with Metropolitan. Seymour Weiss does not own anything. When I don't pay the Metropolitan, I don't own any hotel. However, they have been very nice. They have said that if they make foreclosure, they want me to operate the hotel for them. The hotel had paid no interest or taxes in four or five years when I got there. I am now current with the Metropolitan. I have put any excess right back into the building. If I have had \$5000,000.00 I have put it into amortization purchases. I have worked with the hotel on the theory that it was an old hotel, and had to be made more popular. Instead of increasing my equity I have built new fountain rooms. Now I am in a position, if the whole world doesn't go to pot to increase my equity. For that reason I have drawn a small salary. So this commission logical commission to which I thought I was entitled to. As a

Matter of fact, if the sale had not been made the hotel would still be closed. It was one of those unfortunate hotels, could not be run as a commercial hotel, because it was too far out, and not having kitchens, could not be used as an apartment hotel. It was just one of those in-between hotels, which made it impossible. Mr. Stetler could not have made a go of it. When I would have an overflow at the Roosevelt and would send them to the Bienville they would stay there just long enough to get located back downtown. People who wanted an apartment did not want to stay there because there were no kitchenettes.

Q 68.

Were all of your contacts with the Governor concerning the sale of the Bienville Hotel personal?

A 68.

Yes.

Q 69.

As you recall, Dr. Smith was never present?

A 69.

I never discussed it with Dr. Smith, in my life. But we had a solid, sane proposition. The hospital had a house of wood, fire-hazard, that would not remain over two years, and which would shortly be demolished and they would be out \$200,000.00. They would have had to put in other facilities. Instead of having a loss of \$200,000.00 they would have a solid brick structure, fireproof, at the end of which time they still have a good building that can be used as a dormitory, and the downstairs rooms could be used as rental offices to offices of the various State Departments now paying rent today in the city. From that angle I sold the Governor on the idea that it was a good thing to do. Mr. Gruenwald built it at a cost much in excess of \$200,000.00. They actually got a cheap buy. I only got this from rumor - there are people today trying to buy it, for more than the University paid for it. The man who knows what I know about it would not buy it - always fighting to break even.

Q 70.

(Lehn) So far as you know, there were no commissions of any kind paid to either Dr. Smith or former Governor Locke in connection with this Bienville Hotel deal?

A 70.

No sir. As a matter of fact, Mr. Lehn, the \$27,500.00 commission which I got, as I told you, I made an immediate investment in the Jacobs Candy Company - \$10,000.00 and the rest later. But actually I only drew the money to put into a new enterprise. The money was merely transferred from one account to another - put into another enterprise which I wish I had never gotten into.

Q 71.

Can you think of anything else in connection with this matter

38

that you would like to include in the record? Is there any other fact or circumstance that you would like to disclose to us at this time?

A 72.

I don't know. I think I could justify the sale of the Bienville Hotel to anyone in the world at this time. There was not a single word of criticism at the time the sale was held. The nurses could not be thrown out into the street. The Bienville Hotel today is a good piece of property. I would like to own it myself for re-sale. There are no excuses to make and I don't see how anyone could criticize the buying of that hotel. The University could not build a dormitory for medical students, for near the purchase price of the Bienville Hotel. And another thing, originally, this sale was to be in bonds. When Mr. Hart came to me and said he was going to take bonds, I asked him what kind of bonds. When I found out that the University would settle at \$80,000.00 a year and the balance would come out of earnings of the hotel. I told him that that was not satisfactory because I would not take that kind of bond and then Hart got cash - another reason why he was entitled to something for his efforts - that something being the furnishings and equipment.

Q 73.

(Lambert) You said previously you had gotten Gov. Long and Allen interested in the buying of the building.

A 73.

I tried to sell them on the idea of buying the hotel, taking out some of the partitions and establishing in it the License Bureau, and other departments of the state which are now paying rent. The Supervisor of Public Accounts could also have had his office there. I believe that if Gov. Long had lived I would possibly have sold it on that basis. I don't think we would ever have had a Charity Hospital had Long lived.

Q 74.

(Lohn) But you discussed the sale of the hotel with Governor Leche?

A 74.

Yes sir, only one I ever spoke to about it in my life.

Q 75.

(Lohn) If, during the course of our income tax investigation we desire additional information may we call on that from you, Mr. Weiss?

A 75.

I would ask you one question - I have a very important engagement, I have friends and others waiting on me in New York. I can come home in eight hours. I would like to go. I was intending to stay until the 26th. If it is possible and if I can - I don't want to do without your permission. That is what I was doing when the gentlemen in New York asked about me. If

they want me, I said, I am going home. I had read the Louisiana papers daily. When Mr. Demoss called me in New York - I decided I had better come home. I didn't want the papers headlining that Seymour Weiss was subpoenaed in New York. So I came home, but I do have business that should be completed in New York - there are representatives from Oklahoma and other states waiting to see me.

(Lohn) As far as this office is concerned you are at liberty to go anywhere in the world you want. I only mean that if additional information would come to hand, at your convenience, we would possibly like to question you again.

I have carefully read the foregoing statement consisting of 14 pages and have noted some minor corrections and state that the answers made to the questions propounded to me are true and correct to the best of my knowledge and belief, so help me God.

SEYMOUR WEISS

SWORN to and subscribed before me
this _____ day of July, 1939.

ACTING SPECIAL AGENT IN CHARGE

STATEMENT made in the office of the Intelligence Unit,
Room 323 Post Office Building, New Orleans, Louisiana,
on Wednesday, July 12, 1939.

Persons representing the Government
Acting Special Agent in Charge Frank W. Loh
Special Agent Wm. A. Lambert
 stenographer William M. Broderick
Person interviewed: Louis C. LeSage.

(Unless otherwise indicated, questions were propounded by Special Agent Lambert)

Mr. LeSage, we are making an examination of the records of the National Equipment Company for the years 1936, 1937 and 1938 in connection with its income tax liability. In this connection, we find records indicating that you had transactions with that corporation. We would like to get information from you in this connection. At this time it is my duty to remind you of your constitutional rights; that is, that you do not have to answer any questions the answers to which you feel would incriminate you. Do you understand that?

Mr. LeSage: Yes, sir.

Do you now solemnly swear that the answers you will give to the questions about to be propounded to you will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LeSage: I do, sir.

- Q 1. For the record, please state your full name, your occupation, and your business and residence addresses.
A 1. My name is Louis C. LeSage. I work for the Standard Oil Company of Louisiana as special assistant to the president. I live at the Roosevelt Hotel in New Orleans.
- Q 2. How long have you been employed by the Standard Oil Company of Louisiana?
A 2. Since 1910.
- Q 3. How long have you been residing at the Roosevelt?
A 3. Permanently? I would say about seven or eight years.
- Q 4. How long have you held the position of Special Assistant to the President?
A 4. I think since last year.
- Q 5. Prior to that time, what was your capacity?
A 5. When I came to New Orleans - transferred down here - I was connected with

Louis G. LeSage
7-12-39

the Foreign Department - the Marine Department of my company - and when I came here I was more or less connected with the Sales Department, and since my residence here I have been more or less connected with the Standard Oil Company with the State Administration.

Q 6. The records of the National Equipment Company show that it issued its check, No. 8, dated November 7, 1935, payable to your order, in the amount of \$25,000.00. The original check is in my possession, which I now show you and ask that you identify it and your endorsement thereon.

A 6. Yes, sir, that's my signature.

Q 7. Will you please relate for the record the circumstances under which you received this \$25,000.00?

A 7. Well, Mr. Hart came to me and - that's all part of my testimony before the Grand Jury - Mr. Hart came to me and asked me to help him out with the sale of the equipment of the Bienville Hotel to the State University and, he says, "When it is sold, I will cut you in on the profits". And I said, "What could I do", and he said, "That's alright, just use your influence" and I said that I didn't see what I could do but he insisted and then I never had any further contacts with Mr. Hart until he came and gave me this check and at the time he gave it to me, I was more or less flabbergasted and he said I had earned it and I took the check and cashed it and made my returns that year to the Government. That is practically the sum and substance of my dealings with Mr. Hart.

Q 8. Did you contact anyone in connection with the sale of the equipment?

A 8. Not a soul. No one.

Q 9. Did you perform any services whatsoever in connection with the sale of the equipment to the Louisiana State University?

A 9. None that I can think of.

Q 10. Do you recall where this check of \$25,000.00 was delivered to you and by whom?

A 10. It was delivered to me by Mr. Hart, I believe, in the lobby of the Roosevelt Hotel. I am not positive about that but that is my recollection.

Q 11. Did I understand you to say that you cashed the check?

A 11. That's right. I went to the Whitney Bank - I think the check was drawn on the Whitney Bank. The only man I knew at the Whitney was Hals Whitney. He told me to go over to a branch of the bank and he went over with me and I cashed it; a bank over on Carondelet Street, I believe - I am not positive but I think that's where it was.

Q 12. What denominations did you get?

A 12. \$100 bills.

Q 13. What disposition did you make of the money?

Louis C. LeSage

7-12-39

A 13. I took it to the hotel and put it in my box. It remained in the box for nearly a year. That is, not all of it. I took certain sums out of it to pay my income tax when it became due and I may have taken some out for other purposes - I am sure I did. About a year later, I loaned out about \$16,500.00 of that money.

Q 14. To whom did you make the loan of \$16,500.00?

A 14. Seymour Weiss.

Q 15. Under what circumstances?

A 15. Well, Mr. Weiss and I are very close personal friends and he needed some money at that time and I volunteered to let him have what I could.

Q 16. Do you know for what purpose he needed the money?

A 16. No, sir. I know he has needed some since that time.

Q 17. Did he give you collateral?

A 17. He signed a note which I thought I had, but I searched everywhere and can't find it and I thought he had it but he said no, he thought that he gave me the note.

Q 18. Did you receive any payments on that note since that time?

A 18. No, sir.

Q 19. Did you receive any interest on the note?

A 19. No, sir. Mr. Weiss and I have had different transactions and he never charges me any interest and I never charge him. He is the closest personal friend I have in the world. He's been like a brother to me.

Q 20. Did you lend Mr. Weiss this money in currency?

A 20. Yes, sir.

Q 21. And you do not know what disposition was made of it?

A 21. No, sir.

Q 22. Was there any agreement between you and Mr. Weiss - or understanding - that you would receive this money to pass on to someone else?

A 22. O, no sir, positively.

Q 23. The money was yours to do with as you saw fit?

A 23. Yes, sir.

Q 24. Did you say you performed no services for this \$25,000.00?

A 24. None that I can realize.

43

Louis C. LeSage
7-12-39

Q 25. Do you have any part of this money left at this time, Mr. LeSage?
A 25. I don't think so.

Q 26. What disposition was made of the money besides the loan to Mr. Weiss and the payment of your income tax?

A 26. Well, I think it may have gone partly into some stock transactions which I made - which didn't turn out so good. I can't say exactly where the rest - for instance, I have spent this month, I would say, close to one thousand dollars and if you would ask me six months from now what I did with it, I couldn't say. I have made a trip to Chicago and a few little trips across the street to a gambling place and I do that quite frequently and very seldom walk out with any of their money. I have done that ever since I have been in New Orleans.

Q 27. What is the nature of the stock transactions you referred to in your previous answer?

A 27. With E. A. Pierce - I have an account there with them and I bought some stock and had to put up additional margin. I don't think the additional margin was required until within the last year. I have been buying stock from them since - well, a friend of mine and I started buying two hundred shares of Paramount Picture stock and he came to me and told me that half of it was mine and the stock went up to around eighteen hundred a share - or maybe it was twenty - and then it started going down and it's gone down since that time as low as four dollars a share. And I have bought - no that was not Paramount, that was Warner Brothers. Since that time, the young man in a stock brokerage office there advised me to even up with Paramount, so I bought some Paramount. I bought four hundred shares of General Box at \$2.00 and something a share and on this transaction I used up quite a bit of the money and I even borrowed an additional \$1,000.00 at the Canal Bank.

Q 28. Are you certain that the margin money or purchase money paid to E. A. Pierce came from the balance of the \$25,000.00?

A 28. No, not all of it but I am sure that some of it did.

Q 29. Have you made any attempt to collect the note of \$16,500.00 which you say you received from Mr. Weiss?

A 29. None whatever.

Q 30. At the time that it was made, did you ever have any intention of collecting the debt?

A 30. Why certainly. But I didn't bother about it any; he's needed money since but the amount I had was insufficient to help him then. I'd

Louis C. LeSage
7-12-39

do that now - every cent that I have he could have. It would not make any difference to me whether he paid me back or not. In other words, when I was down and out here in New Orleans, he is the only man who befriended me. I don't know if it is necessary for me to divulge all of these private matters. I think that the Grand Jury has gone into all those phases and I thought that the only thing you were interested in was whether I got the cash and paid income tax on it. I was just wondering if my telling all my private affairs or side issues of it was of interest in this case.

Q 31. Do you recall at this time when Mr. Hart first approached you in connection with the sale of the equipment to L. S. U.

A 31. It was not a great while before he gave me this check. I couldn't say now just when it was but it appears to me now that there was a very short time between the time he first approached me and the time he gave me the check. It was only a very few months.

Q 32. Did he call on you at any time in between?

A 32. No, sir; nor since.

Q 33. Was the payment made to you as commissions on the sale of the equipment or the sale of the hotel?

A 33. The equipment, as I understand it.

Q 34. Did you understand it at that time or has that recently come up?

A 34. No, sir, at that time. The time he talked to me - the only time he talked to me.

Q 35. How long have you maintained a safety deposit box at the Roosevelt Hotel?

A 35. This present one that I have has not been so long. I broke the key or the boy broke the key of the first one I had - but, practically since I have been there, I guess. The exact date - to answer that, I wouldn't know.

Q 36. Do you have any bank boxes?

A 36. I had a box at the Bank of Baton Rouge before I came down here. I never did have one at any of the local banks. I had some money when the bank crash came and then after that a friend of mine, Mr. A. K. Gordon, in discussing the money situation with me, said, "LeSage, I think it would be a good idea for you to get as many silver certificates as you can. If I were you I would get as many silver certificates as possible"; so that was his advice to me a good many years ago and since that time I keep a lot of cash. I think I have a pretty good sum of money in my box now and I keep that cash money in the box all the time.

45

Louis C. LeSage
7-12-39

- Q 37. Did you have any cash in your box at the time you put the proceeds of the \$25,000.00 check there - a substantial sum?
- A 37. O, no sir. That is by far the largest item I have ever had in my box. I am not a wealthy man - I do not make a great deal of money, in the way of salary.
- Q 38. There was no agreement between you and Mr. Weiss with regards to passing this money on to another party?
- A 38. No, sir.
- Q 39. Have you had any financial dealings with Dr. James Monroe Smith?
- A 39. Never have said five words to the man in my life. I was introduced to him when he first went to L. S. U. - introduced to him going out the gate after a football game. Mr. Louis Gottlieb was the man who introduced me to Dr. and Mrs. Smith just a few months after they arrived at L. S. U.
- Q 40. Have you had any financial dealings with any other prominent state official in the last several years?
- A 40. No, sir. None.
- Q 41. And you filed a personal income tax return for the year 1936 and reported this sum - this \$25,000.00 commission?
- A 41. Yes, sir.
- Q 42. You made payments on the installment basis?
- A 42. Yes, sir.
- Q 43. Where did the money for the installments come from?
- A 43. It came out of my box. I am pretty sure that is where it came from because I don't think that my bank balance during that year - it may have been - no, I don't think so; I didn't have any such amount. In the year 1937 I had - no, 38 probably, I had a good size bank balance. I took the money out of this box, deposited it, and wrote a check, as I remember it.
- Q 45. You didn't get it from Mr. Weiss?
- A 45. O, no sir.
- Q 46. Or anybody else?
- A 46. No, sir.
- Q 47. (Mr. Lohn) As I understand it, Mr. LeSage is working for the Standard Oil Company?
- A 47. All my life - ever since I got out of college.
- Q 48. And you live at the Roosevelt Hotel?
- A 48. Ever since I have been here, except for a short period when I went down
- 4

Louis C. LeSage
7-12-39

in the French Quarter. My expenses were rather high and I left the hotel because of my expenses running too high. I am not a very high salaried man - and Mr. Weiss was not at the hotel when I left. I waited purposely until he left, because I didn't want to hurt his feelings and while he was away, I just packed my things and moved down there. And then, Senator Huey Long came to town - he and I were not very intimate, but I knew him, of course - and he asked around where I was and he sent out his men and found me. I was then a salesman. These men said the Senator wanted to see me and I went up to his home there to see him - he had Senator Bennett Clark of Missouri was there in his bedroom with him. So he told me, "Louis, Seymour is going to be mad and I told him that I would straighten that out with Seymour when he came back to town; so, he wouldn't hear to it and we argued around for a time and then I left. When Mr. Weiss came back to town he came down to see me and took a long ride with me and saw this musty place I was living in and he said whatever this place is costing you, I will make a rate at the hotel. And then I moved back to the Roosevelt. It was not long that I was away - I don't think I was down there hardly a month. Since that time I have lived at the Roosevelt Hotel. Prior to that, I was stopping at the Roosevelt on an average of two or three times a week for eight or ten years - before Mr. Weiss was connected with the hotel at all.

Q 49. When you came back to the hotel the last time to remain there permanently, what was the rate that they made you?

A 49. \$50.00 a month.

Q 50. And you paid that out of your personal funds?

A 50. Yes, sir.

Q 51. The Standard Oil Company has never paid your hotel bills?

A 51. They did before that time, but when they transferred me down here and I lived at the hotel, I paid the bill.

Q 52. Since you are permanently located here, you pay your hotel bills yourself?

A 52. Up until last year. Last year, the new president came in, Mr. Rathbone, and he asked me that when he came to town to use his quarters. And he asked me to get more commodious rooms. I moved out of the rooms I had - No. 1157 - and I moved then to suite 960 and I have lived there since.

Q 53. Since you have been in suite 960, the company has paid your hotel bill?

A 53. Yes.

47

Louis G. LeSage
7-12-39

Q 54. They also pay for your meals?

A 54. No. The way they do it, the hotel makes out an invoice for my room rent and on the first of the month they give me this invoice, which I approve and send to the president of the Standard Oil Company at Baton Rouge and the company remits direct to the hotel.

Q 55. Just exactly what services did you render in connection with this \$25,000.00 commission? As I understand the situation, you actually rendered no services.

A 55. That is the way I view it.

Q 56. You did not talk to the Governor?

A 56. No, sir.

Q 57. You did not talk to Dr. Smith?

A 57. No, sir.

Q 58. Do you know what the equipment sold for?

A 58. No, sir.

Q 59. You were not told by anyone?

A 59. No, sir.

Q 60. What did Mr. Hart say the commission was for?

A 60. He told me for my influence. I asked him and he said, "That's alright, you performed the services and you are entitled to the money."

Q 61. What services did he say you had rendered?

A 61. He didn't say.

Q 62. And you don't know of any services?

A 62. No, sir, I do not.

Q 63. Did you accept this check without protest?

A 63. Well, I did - I told him I didn't think I had earned it and he said, "It's yours; I promised to put you in on it and it's your check".

Q 64. Did he say who he had promised?

A 64. No. He promised me.

when

Q 65. (Mr. Lohn) As I understand the situation, Mr. LeSage, Mr. Hart came to you about the sale of the hotel equipment, it is your understanding that the hotel had then been sold?

A 65. That is what I gathered from him, yes, sir. At the time he and I talked. He wanted to sell all the fixtures and everything that was in there. I

Louis C. LeSage
7-12-39

never went there to see it.

Q 66. (Mr. Lohn) Do I understand from your statement to Mr. Lambert here this morning that you loaned a part of this to Mr. Weiss?

A 66. \$16,500.00.

Q 67. (Mr. Lohn) And that you accepted his note for that?

A 67. That's right.

Q 68. Was that a demand note?

A 68. I can't say; I would not know what was in the note.

Q 69. (Mr. Lohn) Have you disclosed to Mr. Lambert where the note is at this time?

A 69. It was my impression that I had it in my box at the hotel and the first day I testified here, these gentlemen asked me to see if I could locate it but I could not so then I phoned Mr. Weiss in New York - I thought that either he had it or I had it. I thought I had left it with him.

Q 70. In his possession?

A 70. Fact of the business is I never asked for or wanted anything like that, in all my transactions with Mr. Weiss. I did not want him to do it - it was his idea and he insisted on making it out. He says positively that he gave me the note.

Q 71. Did Mr. Weiss give you any reasons why, since you were so very close?

A 71. He said on account of this large sum of money, in case something would happen to me, he would want evidence of his indebtedness to me. I haven't anybody except a married daughter. I have no family except two little orphans I am raising - taking care of them as best I can.

Q 72. Did the question of income tax ever come up between you and Mr. Weiss and Mr. Hart or all three of you?

A 72. No, sir.

Q 73. At the time of the loan and the signing of the note which you say was signed and delivered to you, did the question of income tax come up at that time?

A 73. No, sir. The income had already been made out at that time - the returns on it.

Q 74.

Q 74. You are certain that the loan was made a year after this transaction?

A 74. About that. Somewhere in the neighborhood of a year.

Q 75. Did you see the income tax returns filed by the National Equipment Company for the year 1936?

A 75. No, sir.

Q 76. Were you advised as to what the deductions claimed on that return were?

42

Louis C. LeSgne
7-12-39

Did anyone call you or discuss with you what deductions were claimed on that return?

A 76. No, sir. Not to this day.

Q 77. (Mr. Lohr) I understand from what you said a while ago to Mr. Lambert that when you filed your 1936 return, you made only the first payment.

A 77. That's right; yes, sir.

Q 78. You did not pay it all at once?

A 78. No, sir.

Q 79. Was there any reason for paying it quarterly?

A 79. No, sir. I do the same thing now. I do not think I ever paid all of my income tax all at once in my life. I had to pay a dollar or so for running over a few days. No special reason for it. I am doing the same thing today.

Q 80. In 1936 you had the money right there in a box?

A 80. Yes. I have got relatively the same amount of money - as far as the amount of money is involved, I could pay it right now.

Q 81. Did you maintain banking connections during the years 1936, 1937, and 1938?

A 81. Yes, at the National Bank of Commerce.

Q 82. Did you have a safety deposit box?

A 82. No, sir.

Q 83. Did you have brokerage accounts other than at E. A. Pierce?

A 83. In the last several years, yes, sir. Before that I dealt with Fennner and Beane. The reason I dealt with E. A. Pierce was this friend of mine took me there - he had no market connections at all and then he got me into this Warner Bros. stock. He had a tip on the market and let me in on it. He had that account with a firm here called Lasker or something like that - it has since liquidated. It was a brokerage house with which Jules Lazard was connected. He was the one that this boy bought the stock through because they were very close friends. And then when we got to fooling around, I got a tip on General Box stock, so I got him in on it. And then when they liquidated, this boy asked me to let him bring the account over with him and he transferred to E. A. Pierce and since then my account has been with them.

Q 84. This friend you speak of, you have never identified him. Would you mind naming him?

A 84. His name is Johnny Weiss, brother of Seymour Weiss. He is employed at

Louis C. LeSage
7-12-39

Godehenx's Manager of the clothing department.

Q 86. (Mr. Lambert) Mr. LeSage, is there anything else that you think the Bureau of Internal Revenue should have some knowledge about that you wish to discuss at this time?

A 86. No a thing, sir. Not a thing on earth.

Q 87. If it develops that we need some more information, may we call on you again?

A 87. Yes, sir, at any time, day or night. I shall be glad to answer anything at any time that you wish. You have been very kind to me. In fact, I never was treated so nicely. This first little gentleman got under my skin; I couldn't stand it.

I have read my answers to the above eighty-six questions and certify that my answers thereto are true and correct to the best of my knowledge and belief.

Louis C. LeSage

Sworn to and subscribed before me
this ____ day of July, 1939.

Special Agent.

Special Agent.

STATEMENT made in the office of the Intelligence Unit,
Room 323 Post Office Building, New Orleans, Louisiana,
at 10:00 A. M. Friday, July 14, 1938.

Persons representing the Government:

Acting Special Agent in Charge Frank W. Lohm
Special Agent James W. Cooner
Stenographer Marion H. Fitts

Person interviewed: MR. LEON C. WEISS

(Until further indication, questions were propounded by
Acting Special Agent Lohm)

Mr. Weiss, we want additional detailed information concern-
the payment of an inspection fee to you in 1937, in connec-
tion with the Bienville Hotel. You have no objection to furn-
ishing us with such information as is within your knowledge,
do you?

I would prefer to give it to the Grand Jury in Baton Rouge.
I have additional information that they requested me to get.

The Grand Jury is of course secret and we do not have access
to that. We want this information to be considered in con-
nection with income tax matters, being investigated by the
Intelligence Unit under the direction of the Commissioner of
Internal Revenue. I should advise you, however, in the event
the Grand Jury saw fit to call for a record of the testimony
concerning this matter it would be our duty to present it
to the Grand Jury. I should also explain, I think, that any
statement that you make herewith will be used against you in
the event you have violated any of the provisions of the In-
ternal Revenue laws.

Yes.

Will you be sworn, please. Do you solemnly swear that the an-
swers you will give to the questions about to be asked of you
will be the truth, the whole truth, and nothing but the truth,
so help you God?

I do.

Q 1.

In connection with the payment to you of an inspection fee,
Mr. Weiss, in 1937 will you explain please somewhat in detail
the services you rendered in earning this fee of \$5,750.00?

A 1.

I made a complete inspection and a report to the President of
Louisiana State University of the property known as the Bien-
will Hotel, which property the University was to purchase.

58

It was the desire of the University to ascertain through me the physical condition of the building and my appraisal as to the fairness of the price. I made such a report to him on behalf of the University and for this service charged \$5,750.00 which was paid to me by a check of the University.

Q 2. Was there any written contract between you and the University authorizing the inspection or the payment of your fee for the inspection?

A 2. There was not. There were no written contracts except where we asked for those contracts for specification purposes in connection with P. W. A. loans where specific contracts were required for their records. We were serving the University as architects practically continuously since 1931 or 1932 with one single notable interruption and thereafter again.

Q 3. With whom did you enter into the verbal agreement or arrangement for the inspection of the Bienville Hotel?

A 3. Upon the request of Dr. Smith, President of the University.

Q 4. Do you recall the time and place of this agreement with Dr. Smith?

A 4. I do not.

Q 5. Do you recall the approximate time you devoted to making this inspection?

A 5. The time involved in making the inspection was not related to the charge we would make for such an inspection. The charge is based upon the value of the service and not on its time cost to the professional man whose statement would be valuable because of the fact that he made it.

Q 6. But do you recall just about how long you were employed in this particular inspection?

A 6. I do not, because part of the time was in the field, that is at the property, and part of the time was spent in my own office. We do not keep time records on things of that sort and I did not and do not consider that of importance.

Q 7. Do you have a copy of your inspection report that might be made available to us?

A 7. I am not certain that there was any written report. I am inclined to believe my report was made verbally to Dr. Smith.

Q 8. Did anyone assist you in making the inspection?

A 8. No.

Q 9. Did you make any drawings or record of the dimensions, type of construction, etc.?

A 8.

I did not. The information necessary in the premises was provided me in a tracing which constitutes a survey of sq. 183, 1st Dist. which shows the various parcels of land and the dimensions which tracing I found in my files yesterday afternoon, and caused blue prints there of to be made so that I could make use of the same in connection with any questions asked me. I likewise found a drawing showing the location of the building on that irregular site, location of sheds, outbuildings and garages, and the boiler house which faced Caliope Street. I likewise made available for my use photostatic copies of a small scale, which served to give me in detail the arrangement of the building, floor by floor, with the exception of the top-most floor or roof garden and other structures built on the roof. One photostat was evidently made from a drawing prepared for the original building, the Bienvenue Apartments, and constructed by the Hotel Grunewald Company, by their architects Toledano, Wogan and Bernard, showing the first floor plan, three small-scale prints, one showing the second and third floor plans, one showing the fourth floor plan and one showing the fifth, sixth and seventh floor plans. These prints I found in my files last afternoon.

Q 9.

Were these the same plans and drawings considered by you in the course of your inspection of the hotel?

A 9.

They are.

Q 10.

Do you recall from whom you received these drawings and prints?

A 10.

No, I presume either by Dr. Smith or by the owners of the property.

Q 11.

Is the Lee Circle a hotel corporation?

A 11.

I do not know.

Q 12.

Do you recall whether Mr. Hart gave you these?

A 12.

I do not recall, but I am inclined to believe he did not. As a matter of fact, it is probable that some employer of our office, if these plans were furnished by the hotel company, were sent to keep them, after we ascertained they were available.

Q 13.

(Cooner, for remainder of interview) At the time that you inspected this building did you also make an inspection of the furnishings and the equipment?

A 13.

In order that I may answer that question, Mr. Cooner, it would be necessary to define the terms you used - and that is not a question asked in a frivolous sense or to embarrass you. I will explain that it is an open question as to what one man would call equipment and another furnishings. In our practice we normally consider equipment to consist of those things or part of a building in the way of mechanical devices such